

House Study Bill 62 - Introduced

HOUSE FILE _____

BY (PROPOSED COMMITTEE ON
HUMAN RESOURCES BILL BY
CHAIRPERSON MILLER)

A BILL FOR

1 An Act relating to the establishment of eligibility and
2 identity verification systems for assistance programs
3 under the purview of the department of human services and
4 including effective date and implementation provisions.
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35

DIVISION I

ENHANCED ELIGIBILITY VERIFICATION SYSTEM

Section 1. DEFINITIONS. For the purposes of this division of this Act, unless the context otherwise requires:

1. "Department" means the department of human services.

2. "Identity information" means an applicant or recipient's full name, aliases, date of birth, address, social security number, and other related information.

Sec. 2. ESTABLISHMENT OF ENHANCED ELIGIBILITY VERIFICATION SYSTEM.

1. The department shall establish a computerized income, asset, and identity eligibility verification system to verify eligibility, eliminate duplication of assistance, and deter waste, fraud, and abuse within each respective assistance program under the purview of and administered by the department. The department shall enter into a competitively bid contract with a third-party vendor for the purposes of developing and implementing such a system to verify the income, asset, and identity information of applicants when determining an applicant's eligibility for assistance prior to the distribution of benefits, periodically between eligibility redeterminations, and during eligibility redeterminations and reviews as specified in this section.

2. When the department enters into a contract with a third-party vendor for the purposes of carrying out this division of this Act, payment to the vendor for such services shall be contingent upon the annualized savings realized by implementation of the verification system as specified in the contract.

3. Under the system implemented pursuant to this division of this Act, all applications for benefits shall be processed within a ten-day period or the minimum period required by federal law.

4. Under the system implemented pursuant to this division of this Act, prior to awarding or continuing assistance,

1 the department shall verify identity information for each
2 respective applicant for and recipient of assistance from the
3 department against the following to the extent such information
4 or database is available:

5 a. Earned and unearned income information maintained by the
6 internal revenue service.

7 b. Employer weekly, monthly, or quarterly reports of income
8 and unemployment insurance payment information maintained by
9 the department of workforce development.

10 c. Earned income information maintained by the United
11 States social security administration.

12 d. Immigration status information maintained by the United
13 States citizen and immigration services.

14 e. Death register information maintained by the United
15 States social security administration.

16 f. Prisoner information maintained by the United States
17 social security administration.

18 g. Public housing and section 8 housing assistance payment
19 information maintained by the United States department of
20 housing and urban development.

21 h. National fleeing felon information maintained by the
22 United States federal bureau of investigation.

23 i. Wage reporting and similar information maintained by
24 states contiguous to Iowa.

25 j. Beneficiary records and earnings information maintained
26 by the United States social security administration in its
27 beneficiary and earnings data exchange database.

28 k. Earnings and pension information maintained by the
29 United States social security administration in its beneficiary
30 earnings exchange record system database.

31 l. Employment information maintained by the department of
32 workforce development.

33 m. Employment information maintained by the United States
34 department of health and human services in its national
35 directory of new hires database.

1 n. Supplemental security income information maintained
2 by the United States social security administration in its
3 supplemental security income state data exchange database.

4 o. Veterans' benefits information maintained by the United
5 States department of health and human services in the federal
6 public assistance reporting information system database.

7 p. Child care services information maintained by the
8 department.

9 q. Utility payments information maintained by the state
10 under the low-income home energy assistance program.

11 r. Emergency utility payment information maintained by
12 state or local entities.

13 s. A database of all persons who currently hold a license,
14 permit, or certificate from any state agency, the cost of which
15 exceeds five hundred dollars.

16 t. Income and employment information maintained by the
17 child support recovery unit and the United States department of
18 health and human services office of child support enforcement.

19 u. Earnings and pension information maintained by the Iowa
20 public employees' retirement system.

21 v. Any existing real-time database of persons currently
22 receiving benefits in other states, such as the national
23 accuracy clearinghouse.

24 w. A database which is substantially similar to or a
25 successor of a database described in this subsection.

26 5. Under the system implemented pursuant to this division
27 of this Act, prior to awarding or continuing assistance, the
28 department shall match identity information for each respective
29 applicant for and recipient of assistance from the department
30 against, at a minimum, all of the following data sources, to
31 the extent such data sources are available:

32 a. A nationwide public records data source of physical
33 asset ownership such as real property, automobiles, watercraft,
34 aircraft, and luxury vehicles, or any other vehicle owned by an
35 applicant for or recipient of assistance.

1 b. A nationwide public records data source of incarcerated
2 individuals.

3 c. A nationwide best-address and driver's license data
4 source to verify that an individual is a resident of this
5 state.

6 d. A comprehensive public records database that identifies
7 potential identity fraud or identity theft that can closely
8 associate name, social security number, date of birth,
9 telephone, and address information.

10 e. A data source or database which is substantially similar
11 to or a successor of a data source or database described in
12 this subsection.

13 6. As part of the verification process, prior to awarding
14 assistance, applicants for benefits shall complete a
15 computerized identity authentication process that shall confirm
16 the applicant owns the identity presented in the application.
17 The department shall review the respective applicant's identity
18 ownership using the following procedures:

19 a. Provide a knowledge-based quiz consisting of financial
20 or personal questions. The quiz shall attempt to accommodate
21 nonbanked or under-banked applicants who do not have an
22 established credit history.

23 b. Require the quiz for applications be available to be
24 submitted through a variety of approaches including online,
25 in-person, and via telephone.

26 7. If a discrepancy results between an applicant's or
27 recipient's identity information and information available
28 through one or more of the databases or information tools
29 specified in this section, the department shall review the
30 respective applicant's or recipient's case using the following
31 procedures:

32 a. If the information discovered does not result in the
33 department finding a discrepancy or change in an applicant's
34 or recipient's circumstances that may affect eligibility, the
35 department shall take no further action.

1 b. If the information discovered results in the department
2 finding a discrepancy or change in a recipient's circumstances
3 that may affect eligibility, the department shall promptly
4 redetermine eligibility after receiving such information.

5 c. (1) If the information discovered results in the
6 department finding a discrepancy or change in an applicant's
7 or recipient's circumstances that may affect eligibility,
8 the applicant or recipient shall be given an opportunity to
9 explain the discrepancy. However, a self-declaration by an
10 applicant or recipient shall not be accepted as verification
11 of categorical and financial eligibility during eligibility
12 evaluations, reviews, and redeterminations.

13 (2) The department shall provide written notice to the
14 applicant or recipient, which shall describe in sufficient
15 detail the circumstances of the discrepancy or change, the
16 manner in which the applicant or recipient may respond, and
17 the consequences of failing to take action. The applicant
18 or recipient shall have ten business days, or the minimum
19 period otherwise required by state or federal law, to respond
20 to an attempt to resolve the discrepancy or change. The
21 explanation provided by the recipient or applicant shall be
22 provided in writing. After receiving the explanation from the
23 recipient or applicant, the department may request additional
24 documentation if the department determines there is a risk of
25 fraud, misrepresentation, or inadequate documentation.

26 d. If the applicant or recipient does not respond to the
27 notice, the department shall deny or discontinue assistance
28 for failure to cooperate, in which case the department shall
29 provide notice of intent to deny or discontinue assistance to
30 the applicant or recipient. Eligibility for assistance shall
31 not be established or reestablished until the discrepancy or
32 change has been resolved.

33 e. If an applicant or recipient responds to the notice
34 and disagrees with the findings of the match between the
35 applicant's or recipient's identity information and one or more

1 databases or information tools utilized under this Act, the
2 department shall reinvestigate the matter. If the department
3 finds that there has been an error, the department shall take
4 immediate action to correct the error and no further action
5 shall be taken. If, after the reinvestigation, the department
6 determines that there has not been an error, the department
7 shall determine the effect on the applicant's or recipient's
8 case and take appropriate action. Written notice of the
9 respective department action shall be provided to the applicant
10 or recipient.

11 f. If the applicant or recipient agrees with the findings
12 of the match between the applicant's or recipient's identity
13 information and one or more databases or information tools
14 utilized under this Act, the department shall determine
15 the effect on the applicant's or recipient's case and take
16 appropriate action. Written notice of the department's
17 action shall be provided to the applicant or recipient. The
18 department shall not discontinue assistance upon finding a
19 discrepancy or change in circumstances between an individual's
20 identity information and one or more databases or information
21 tools utilized under this Act until the applicant or recipient
22 has been provided notice of the discrepancy or change and the
23 opportunity to respond as required under this Act.

24 8. a. Under the system implemented pursuant to this
25 division of this Act, after reviewing changes or discrepancies
26 that may affect program eligibility, the department shall refer
27 suspected cases of fraud to the department of inspections and
28 appeals, the office of the attorney general, or other entity
29 responsible for prosecuting eligibility fraud relating to the
30 programs under the purview of the department for investigation
31 and possible criminal prosecution, recovery of improper
32 payments, and collection of civil penalties.

33 b. After reviewing changes and discrepancies that may
34 affect program eligibility, the department shall refer
35 suspected cases of identity fraud to the office of the attorney

1 general or other entity responsible for prosecuting identity
2 theft for criminal prosecution.

3 c. In cases of fraud substantiated by the department, upon
4 conviction, the state shall review all legal options to remove
5 the recipient from other public programs and garnish wages or
6 state income tax refunds until the state recovers an equal
7 amount of benefits fraudulently received.

8 d. After reviewing changes or discrepancies that may affect
9 program eligibility, the department shall refer suspected cases
10 of fraud, misrepresentation, or inadequate documentation to
11 appropriate entities for review of eligibility discrepancies in
12 other public programs. Such referral includes cases in which
13 an individual is determined to be ineligible for the original
14 program.

15 Sec. 3. REPORTING. Beginning July 1, 2016, and quarterly
16 thereafter, the department shall provide a written report to
17 the governor, the general assembly, and the department of
18 management detailing the effectiveness and general findings
19 of the eligibility verification system implemented pursuant
20 to this division of this Act, including the number of cases
21 reviewed, the number of case closures, the number of referrals
22 for criminal prosecution, recovery of improper payment,
23 collection of civil penalties, the outcomes of cases referred
24 to the department of inspections and appeals, the office of the
25 attorney general, or other entity responsible for prosecuting
26 eligibility or identity fraud under this division of this Act,
27 and the savings that have resulted from implementation of the
28 system.

29 Sec. 4. TRANSPARENCY IN THE MEDICAID PROGRAM. The
30 department shall electronically release to the public data that
31 includes but is not limited to all of the following for each
32 Medicaid provider:

- 33 1. The provider's name and office location.
- 34 2. The provider's national provider identifier.
- 35 3. The type of service provided, identified by healthcare

1 common procedure coding system code.

2 4. Whether the service was performed in a facility or office
3 setting.

4 5. The number of services provided, average submitted
5 charges, average allowed amount, average Medicaid payment, and
6 a count of unique Medicaid beneficiaries treated.

7 Sec. 5. ADOPTION OF RULES. The department shall adopt rules
8 pursuant to chapter 17A to administer this division of this
9 Act.

10 Sec. 6. IMPLEMENTATION. This division of this Act shall be
11 implemented beginning January 1, 2016.

12 DIVISION II

13 ASSET VERIFICATION

14 Sec. 7. MEDICAID PROGRAM — ASSET, INCOME, AND IDENTITY
15 VERIFICATION. The department of human services shall issue a
16 request for proposals to contract with a third-party vendor to
17 establish an electronic asset, income, and identity eligibility
18 verification system for the purposes of compliance with 42
19 U.S.C. §1396w requiring determination or redetermination of
20 the eligibility of an individual who is an applicant for or
21 recipient of medical assistance under the Medicaid state plan
22 on the basis of being aged, blind, or disabled in accordance
23 with 42 U.S.C. §1396w. The third-party vendor selected shall
24 be able to demonstrate in writing its current relationships
25 or contracts with financial institutions in the state and
26 nationally. Participation by financial institutions in
27 providing account balances for asset verification shall remain
28 voluntary.

29 Sec. 8. EFFECTIVE UPON ENACTMENT. This division of this
30 Act, being deemed of immediate importance, takes effect upon
31 enactment.

32 EXPLANATION

33 The inclusion of this explanation does not constitute agreement with
34 the explanation's substance by the members of the general assembly.

35 Division I of this bill directs the department of human

1 services (DHS) to establish a computerized income, asset, and
2 identity eligibility verification system to verify eligibility,
3 eliminate duplication of assistance, and deter waste,
4 fraud, and abuse within each respective assistance program
5 administered by the department. DHS is directed to enter into
6 a competitively bid contract with a third-party vendor for
7 the purposes of developing a system by which to verify the
8 income, asset, and identity information of applicants when
9 determining an applicant's eligibility for assistance prior to
10 the distribution of benefits, periodically between eligibility
11 redeterminations, and during eligibility redeterminations
12 and reviews. Under any such contract, payment to the vendor
13 is contingent upon the annualized savings realized from
14 implementation of the verification system as specified in the
15 contract.

16 The bill specifies the databases, if available, against
17 which a third-party contractor must verify eligibility and
18 identity of applicants for and recipients of assistance
19 programs. The bill specifies the process to be used if
20 discrepancies are found in an applicant's or recipient's
21 identity or other information, directs DHS to adopt rules to
22 administer the program, and specifies to whom referrals for
23 fraud, misrepresentation, or inadequate documentation must be
24 made.

25 Division I of the bill requires implementation beginning
26 January 1, 2016; requires that beginning July 1, 2016, and
27 quarterly thereafter, DHS must provide a written report to
28 the governor, the general assembly, and the department of
29 management detailing the effectiveness and general findings
30 of the eligibility verification system; and requires DHS to
31 electronically release certain information regarding Medicaid
32 providers to the public. The bill also directs DHS to
33 electronically release to the public specified data relating
34 to Medicaid providers.

35 Division II of the bill directs DHS to issue a request for

1 proposals to contract with a third-party vendor to establish an
2 electronic asset, income, and identity eligibility verification
3 system to comply with a federal requirement to determine and
4 redetermine the eligibility of certain categories of persons
5 for Medicaid. Division II of the bill takes effect upon
6 enactment.